

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

DELPHI CORPORATION, *et al.*
Debtors.

Chapter 11

Case No. 05-44481 (RDD)

Jointly Administered

DECLARATION OF BRIAN GILSON
IN OPPOSITION TO DELPHI'S MOTION FOR AUTHORITY TO REJECT
COLLECTIVE BARGAINING AGREEMENTS UNDER 11 U.S.C. § 1113(c) AND
MODIFY RETIREE WELFARE BENEFITS UNDER 11 U.S.C. § 1114(g)

I, Brian Gilson, declare and state as follows:

1. My name Brian Gilson. I am Shop Chairman of Local 711, IUE-CWA ("Local 711" or "the Union") at Delphi Thermal and Interior Systems in Gadsden, Alabama ("Delphi Gadsden" or "the Company"). I have held that position since October, 2004. I have worked at Delphi Gadsden since December, 1997 as a forklift operator and production worker. I then became Health and Safety Representative in Ergonomics and Vice President of Local 711.

2. In 1994, Delphi made an announcement that they were going to open a plant in Gadsden, AL. The plant was to make components for GM and would employ 500-1600 employees. GM began building the plant in 1994 and opened it partially in May, 1995. The plant was started as a plant to cut wiring for automobile electric systems. The original intent was to make components but it was then changed to wiring. The original hire rate was \$6.25. GM's excuse for the low wages was that we were in competition with Mexico.

3. The workers at Delphi Gadsden voted to be represented by IUE in 1995. The first contract was negotiated and made effective as of December, 1996 to September, 2006. A copy is attached as Exhibit A. It was a competitive hire plant. The hire rate was \$6.25. The 85 employees who were already working there got an increase to \$8.80 per hour, with scheduled increases bringing them to \$11.85 at the end of the contract. All future new employees earned \$6.25, with a \$0.30 raise each year, bringing them to \$9.25 at the end of the contract. There was no defined benefit pension plan. There was only the Income Security Plan ("ISP") and Personal Savings

Plan ("PSP") from the IUE National Agreement. Health benefits were through the Competitive Hire Plan ("CHP"), a local plan which fell in line with the national CHP.

4. In 1997, the Company started hiring new employees. By 1998, there were approximately 600 employees. The plant experienced an extremely high turnover rate and the Company had to agree to raise the rate for those employees hired after 1996 by \$1.00 per hour. The Company also provided for an incentive bonus plan, which required no more than 20 hours of absences and standard factors for productivity, scrap rates, and quality. Each factor provided a \$100 quarterly bonus. A copy of the Performance Improvement Incentive Plan is attached as Exhibit B. The Delphi spin-off from GM in 1999 did not change our local contract.

5. Delphi changed the business plan for the plant from a wire cutting plant and warehouse to injection molding in 2002. There were then 320 workers in the plant. In September, 2002, the Company offered a buy out of 6 months wages which was taken by 163 employees. All but 37 workers were then laid off while they retrofitted the plant for the new business. The work on the plant took about one year. There was no jobs bank for the workers. The estimated cost of the retrofit was \$83 million; it ended up costing more than twice that amount.

6. In November, 2004 the plant began production as a molding plant for Mercedes dashboards, side panels, armrests and center consoles (the cockpit). When we switched to molding in 2004, management was wrong in their projection of how many employees were needed for start up. Only 132 employees were called back to work. That error created a lot of overtime. The Company also had to hire many contract employees to do the work. In fact, there were more contract employees than

Delphi Gadsden workers. There ended up being 220 contract employees and 187 Delphi Gadsden employees.

7. In 2005 we modified the contract and got a raise of \$1.32, to make the present top wage of \$11.47. The wages were increased by \$1.02 in exchange for giving up certain of the incentive bonuses and agreeing to a reduced medical plan. We also got an additional \$0.30 "pull ahead" raise to convert all plant employees to wage increases on the same date rather than on the seniority date of each employee, which saved the company administrative costs. We have never even caught up from all the years of low wages, and now the Company wants to cut our insurance even more.

8. The health insurance plan was also reduced. The medical plan eliminated coverage for doctor visits. The plan now provides for coverage with the employees paying 20% of the costs of medical benefits. The deductible went from \$125 per person and \$250 per family to \$175 per person and \$350 per family. Prescriptions and doctor visits no longer count towards the deductible. The agreement eliminated chiropractic coverage. It's a Blue Cross/Blue Shield reduced plan. There is no employee contribution for medical benefits. There was no change in the dental plan which only provides a benefit of \$750 per year. We have no vision or hearing coverage.

9. Since 2004 there has been too much indirect labor at the plant, meaning 70 salaried employees for a productive workforce of 199 Delphi workers. There are also 133 contract workers who have a higher wage rate than the Delphi workers. The contract workers have a starting rate of \$9.00 per hour; the Delphi workers are now starting at \$7.77 per hour. There was also an excessive amount of turnover which greatly increased the training costs.

10. Delphi spun off from GM in 1999; in the years following they told us how well the Company was doing and how much business the company was getting. We were offered stock at no commission. We were given options to buy 100 shares of Delphi stock which is now useless. Now we find out that we have no future, no retirement, ever.

11. Our top wage is now \$12.67 with only about 25 people at that level; the new hire rate is \$7.77. The average rate is about \$10 per hour. Delphi proposes to set a wage of \$22 per hour for most plants. Our wages are far behind that proposed rate. But Delphi is not rewarding us for our years of sacrifice. Instead, the Company is proposing to cut our earnings even further by requiring us to pay \$180 per month, or \$1.04 per hour, for family medical benefits. On top of this required contribution for medical benefits, Delphi proposes new out of pocket costs of up to \$3,000 per year, or \$1.44 per hour. With those proposals, workers could see a cut in pay of \$2.48 per hour from their \$10 per hour rate. Delphi wants to sell the plant which could be profitable if it were managed properly.

Dated: April 21, 2006



BRIAN GILSON